

***LANL Property
Management Manual***

**XI.
Property In
Stores**

Property in Stores

Policy

The Laboratory maintains stores of frequently needed, common-use, expendable items. These items include hardware, office items, chemicals, and compressed gases, among others.

Inventories will be established and maintained at reasonable levels to fulfill Laboratory requirements. They must be managed and controlled in such a manner as to:

- comply with applicable laws, regulations, and DOE orders
- provide materials and supplies as needed to meet LANL requirements
- maintain reasonable inventory levels
- provide adequate physical protection of stocks
- maintain adequate quantity controls
- assure maximum efficient utilization and avoid waste
- maintain an economical operation
- standardize inventories as much as possible

Cross-References:
41 CFR 101-27 & 28

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41 CFR 109-27

Precious metal stores are addressed in Chapter XIII, "Special Materials."

General Stores, Gases, & Liquids

Acquisition

General Stores

The Inventory Control Section of Materials Management (MM) maintains sufficient supplies of general stores items to cover anticipated needs. It uses Economic Order Quantity (EOQ) formulas and minimum balances to determine when to purchase new supplies.

Compressed Gases/ Cryogenic Liquids

The technical supervisor in charge of the Compressed Gas Facility, SM-170, orders new supplies of compressed gases and cryogenic liquids as called for by EOQ formulas or by special order. These must be delivered directly to the facility.

Organizations

Each Laboratory organization wishing to receive items from stores must have a Designated Central Delivery Point ("drop point") for deliveries. Drop

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points may be shared by organizations. In addition, the line manager must appoint a Drop-Point Custodian in writing, who with his or her designated back-up is responsible for checking the drop point for deliveries twice daily, after 10:30 a.m. and 3:30 p.m.

If possible, drop points should be combination-locked storage cages to which only the line managers, custodians and back-ups, and MM Receiving and Dispatch should have the combinations. At minimum, they should be lockable and have limited access. Organizations receiving compressed gas or cryogenic liquids must provide racks or other means for securing the cylinders in areas that are open, clear, and readily accessible.

Users

All Laboratory employees may order from the Customer Service Center (CSC) by:

- phone
- computer, after receiving on-line authority from the CSC
- mail, via a Material Requisition or Compressed Gas/Cryogenic Liquid Order Form (see Appendix)
- visiting in person, in urgent situations

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Non-employees such as contract workers may be authorized to order from the CSC by their line managers, who do so by placing them on the Signature Authority System (SAS).

To order, the requester must provide:

- name, organization, and Z Number
- cost center and program code
- quantity and type of item(s) desired, with stock number(s) if possible
- delivery information

The following materials may be purchased only by line managers with authority from SAS or their designees:

- chemicals
- gases
- cryogenic liquids
- furniture

Delivery

MM delivers requested items to the designated drop point within one (1) business day, unless the item is not in stock and must be back-ordered. Urgent requests may be picked up by the requester at the appropriate warehouse (see Appendix, Stores Locations). All deliveries are accompanied by a Stock Issues slip (see Appendix) indicating the:

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- requester and cost code
- delivery point
- item's stock number, quantity issued, and cost

In addition, hazardous materials are accompanied by a Hazardous Materials Transfer form (HMTF) or Radioactive Materials Transfer form (RMTF; see Appendix) and any applicable Material Safety Data Sheets.

Property-numbered items are entered into PAIRS by Property Accounting based on the Property Transfers from Stores report generated by MM.

Returns

Items may be returned to stock for full credit, unless noted otherwise below, if they are:

- requested by MM for redistribution to other customers
- unused due to changes in Laboratory programs (and in new condition)
- issued in error (if undamaged and uncontaminated)
- ordered in error (if undamaged and uncontaminated; a restocking charge may be applied)

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Damaged or contaminated items must be disposed of according to LANL policy (see Chapter XV, "Retirement of Property").

No credit is given for compressed gas or cryogenic liquids containers, unless they are designed in such a way that Gas Facility personnel can verify that the containers were not tampered with.

Container Returns

Compressed-gas and cryogenic liquid containers are the property of MM, or in case of special orders, the vendors. Users must notify the Compressed Gas Facility as soon as containers are emptied. An HMTF and Shipping Manifest (SM; see Appendix) must be completed for each container before pick-up by MM; for special orders, the SM must indicate the Purchase Order number. MM will complete the HMTF for a user who submits a Hazardous Materials Categorization Form (see Appendix).

MM maintains records of all non-Laboratory cylinders with the:

- date received at Lab
- purchase order number
- serial number
- user and location
- name of gas
- SM number

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Site Stocks

Site stocks (also called shop, bench, or cupboard stocks) are small inventories of fast-moving materials held at the point of use. Organizations may establish site stocks with appropriate controls as necessary for efficient operations. The line manager must designate a Site Stock Custodian to oversee the organization's holdings.

If these stocks are not consumed or do not turn over within 90 days, they are subject to the same controls as regular Laboratory stocks. In this case, the custodian is responsible for contacting the PA for instructions.

Shelf-life Items

Items with limited shelf-lives are identified on the items by their expiration dates. Shelf-life stocks are rotated to ensure that oldest stock is issued first.

Items which definitely can no longer be used after their expiration dates are called "non-extendable," (i.e., their shelf-lives cannot be extended). Inventory analyses are conducted annually to determine if non-extendable items will be used within their shelf-life periods. If not, they are excessed.

Items which may still be usable after their expiration dates are inspected soon before those dates. Items found to be suitable for issue may have their shelf-

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lives extended by 50% of their original shelf-life periods. The decision of whether or not to extend shelf-life should be based on the nature of the item, with guidance from the manufacturer if possible. Extensions may be repeated for as long as the material remains usable. Items with a line-item inventory value of \$300 or less are exempt from this requirement, as are those for which the cost of inspection or testing would be significant in relation to the item's value.

In addition, inventory analyses are performed on extendable items as per the schedule found at 41 CFR 101-27.208(b).

Inventory and Reconciliation

Policy

A physical inventory of all stock items will be completed annually and reconciled with the Stock Inventory Management System (SIMS).

Procedure

Each day, SIMS randomly selects items to be inventoried. All transactions involving those items are frozen from 8 a.m. to 10 a.m., and the supervisor assigns someone to physically count those items.

If the value of any discrepancy between the physical count and SIMS is less than \$100, the supervisor authorizes Inventory Control to adjust the SIMS

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record to match the count. If it is \$100 or more, the supervisor assigns someone to investigate the circumstances which led to the discrepancy. The investigator must present a report and action plan for correction of the problem to the supervisor of MM's General Stores/Compressed Gas Processing Section within five (5) working days, unless granted an extension by the section leader. The report is to be signed by the section leader, the supervisor, and the MM group leader. The supervisor then may adjust the SIMS record, and is responsible for carrying out the action plan within its target dates.

SIMS selects items in a manner ensuring that all items are physically inventoried within a given year. The supervisor is responsible for tracking all discrepancy adjustments. If during the course of the year:

- the number of line items in which discrepancies were found exceeds 2% of the total number of line items carried in Lab stores

or

- the net dollar value of all discrepant units (the value of any extra units minus the value of any missing units) is greater than 2% of the total value of all stores holdings

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the supervisor must contact DOE/LAAO to obtain DOE/AL approval before authorizing further SIMS adjustments.

Audits

Property Management (PM) conducts audits of each stores account at least once per fiscal year. The assigned property specialist (PS) arranges an appropriate time and date with the supervisor in charge of items in the particular account. A statistical sample is drawn, and the PS and supervisor count the number of units held of each sample line item.

The PS compares the physical counts to the SIMS records. Any discrepancies are reconciled immediately if possible, with documentation of the reconciliations provided to the PS.

The PS also checks to see if the net dollar value of all discrepant units in the account exceeds 2% of the account's total value. If so, the account supervisor must investigate the discrepancies to determine the cause and provide a report to the PS and the MM Group Leader.

The PS provides a report of the audit results and any recommendations for procedural improvements to the supervisor, the section leader, the MM Group Leader, and DOE/LAAO. PM maintains a file of these reports and any reconciliation documentation.

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In addition, using information provided by Materials Management, PM provides a summary report of all stores inventories to DOE/LAAO annually for formal approval of all adjustments.

The PS monitors audit results over a number of years to identify recurrent problems. He or she may require the supervisor to analyze the problems for a root cause and submit and fulfill a corrective action plan.

Changes to Holdings

Additions

Policy

Additions to the items carried in general stores are discouraged. MM will work with requesters to get supplies not carried in stores in a timely manner.

Procedure

If a requester feels that an item should be added to stores holdings, he or she should prepare a memorandum for the section leader that includes:

- other organizations which would use the item
- the task or types of tasks for which the item is used Lab-wide
- estimated annual Lab-wide usage

The memo must be signed by the requester's line manager. The section leader, Inventory Control, and

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the appropriate supervisor will consult with the requester to determine the best course of filling the requester's needs.

Deletions

Policy

Items that can be obtained more economically from readily available sources are to be eliminated from stores inventory. The usage of each item will be reviewed annually by the supervisor to ensure compliance.

Procedure

Inventory Control performs partial inventory checks sufficiently often to review the usage of all items in the course of a year. Any items considered under-utilized are identified to the appropriate supervisor via an action plan for deleting the items with target dates. The supervisor is responsible for eliminating the stock of those items through attrition or, if necessary, the excess process (see the Chapter XIV, "Excess Property").

Computer Stock

Computer equipment stocks are maintained by Electronic Maintenance (CIC-2). The policies are the same as above, and procedures are similar with the following exceptions:

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- Equipment is ordered from CIC-2's PC Store by phone, by computer mail, in person, or by mail using the Computer Stock Request form (see Appendix)
- Stock levels are maintained using an EOQ system in SIMS and the CIC-2 database, TRAX
- CIC-2's technical specialists determine when items should be added to the inventory based upon industry developments and Laboratory needs
- a Constant Quality Improvement team reviews usage records weekly to determine when items should be deleted from the inventory
- residual stocks of deleted items are eliminated through attrition
- all duties assigned in the above procedures to the section leader are handled by the CIC-2 group leader